

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global equities ended largely in the red** ahead of, and in response to, the dovish Fed. **US treasuries rallied sharply**, pushing 10-year note yields down a massive 9bps to 2.53%, a level last seen in Jan-2018. The Fed paused as widely expected, saying that growth “has slowed from its solid rate”. This year’s growth was cut by 0.2ppt to 2.1% while unemployment rate by 0.2ppt higher to 3.7%. PCE inflation was tweaked 0.1ppt lower to 1.8% even though the core PCE inflation was left unchanged at 2.0% through 2019-2021. More importantly, **the Fed reversed its projection for two rate hikes entirely, with the median projection of its dot plot now signaling no hike at all for this year and just one for 2020** (from one hike previously), vs market pricing for a cut. **We now expect the Fed to pause this year given increasing headwinds.** The Fed also did not disappoint by outlining that **the unwinding of QE will end in September** with an ultimate size of \$3.8 trillion (current \$4.0 trillion), **starting with reducing the monthly cap on redemption of UST from \$30b to \$15b in May.**
- **Overnight data remained mixed.** MBA mortgage applications continued rising albeit at slower rate in the US amid lower mortgage rates. UK data continued to surprise on the upside, with CPI and PPI ticking slightly higher probably spurred by firmness in the sterling despite ongoing Brexit uncertainties with PM May filing a 3-month extension to the Brexit deadline in a latest development. Meanwhile, 4Q GDP growth in New Zealand doubled to 0.6% QOQ on higher household spending.
- **USD fell against 9 G10s** following an unexpected end to the Fed’s policy tightening cycle. The DXY plunged after the Fed’s announcement, closing 0.65% lower at 95.76. **We turn slightly bullish on USD** for today, anticipating a technical bounce after yesterday’s tumble. DXY strongly broke below key supports, thus will likely remain bearish, heading towards and possibly even below 95.57 going forward. In the process, there may be some bounces higher but likely limited to below 96.29.
- **MYR strengthened 0.22% to 4.0660 against a weak USD** and advanced against all G10s. **Expect a bullish MYR against a weak USD.** USDMYR has broken below 4.0710 and downsides are likely to extend. It is now poised to test 4.0500, which if successful could be the onset of a move that could test 4.0360.
- **SGD strengthened 0.3% to 1.3470 against a weak USD** but retreated against 7 G10s as markets stayed risk-off. **SGD is now bullish against a weak USD.** USDSGD broke below 1.3512 earlier than expected. It is now headed for a test at 1.3400 – 1.3420, but we caution that this is a strong support range that has the potential to trigger a strong rebound to above 1.3500. Losing 1.3400 exposes a move to 1.3320.

Overnight Economic Data

US	↓
UK	↑
Japan	→
New Zealand	↑

What’s Coming Up Next

Major Data

- US Philly Fed biz outlook, initial jobless claims, leading index
- EU consumer confidence
- UK retail sales
- Australia employment change, unemployment rate
- HK CPI

Major Events

- BOE Bank Rate

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1402	1.1410	1.1427	1.1443	1.1473	↘
GBPUSD	1.3168	1.3191	1.3208	1.3233	1.3250	↘
USDJPY	110.38	110.50	110.72	110.90	111.05	↘
AUDUSD	0.7120	0.7139	0.7159	0.7167	0.7181	↗
EURGBP	0.8624	0.8638	0.8647	0.8656	0.8689	↗
USDMYR	4.0500	4.0520	4.0553	4.0571	4.0600	↘
EURMYR	4.6293	4.6325	4.6352	4.6370	4.6400	↗
JPYMYR	3.6585	3.6622	3.6642	3.6673	3.6716	↗
GBPMYR	5.3520	5.3550	5.3582	5.3628	5.3696	↘
SGDMYR	3.0107	3.0117	3.0131	3.0142	3.0169	→
AUDMYR	2.8954	2.9000	2.9020	2.9042	2.9058	↗
NZDMYR	2.8050	2.8063	2.8087	2.8111	2.8127	↗
USDSGD	1.3420	1.3449	1.3456	1.3471	1.3492	↘
EURSGD	1.5355	1.5369	1.5377	1.5386	1.5395	↗
GBPSGD	1.7722	1.7743	1.7783	1.7800	1.7825	↘
AUDSGD	0.9593	0.9601	0.9629	0.9642	0.9663	↗

* at time of writing

↗ = above 0.1% gain; ↘ = above 0.1% loss; → = less than 0.1% gain / loss

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1,684.21	-0.21	-0.38	CRB Index	185.60	0.20	9.31
Dow Jones Ind.	25,745.67	-0.55	10.37	WTI oil (\$/bbl)	59.83	1.36	31.76
S&P 500	2,824.23	-0.29	12.66	Brent oil (\$/bbl)	68.50	1.32	29.17
FTSE 100	7,291.01	-0.45	8.37	Gold (\$/oz)	1,312.53	0.46	2.52
Shanghai	3,090.64	-0.01	23.93	CPO (RM/tonne)*	1,868.00	1.99	-4.33
Hang Seng	29,320.97	-0.49	13.45	Copper (\$/tonne)	6,459.00	0.53	8.28
STI	3,207.66	-0.41	4.53	Rubber (sen/kg)	486.50	-0.41	28.36

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US MBA Mortgage Applications	Mar-15	1.6%	2.3%	--
FOMC Fed Fund Rate	Mar 20	2.25% - 2.50%	2.25% - 2.50%	2.25% - 2.50%
UK CPI YOY	Feb	1.9%	1.8%	1.8%
UK PPI Output NSA YOY	Feb	2.2%	2.1%	2.2%
JP Machine Tool Orders YOY	Feb F	-29.3%	-29.3%	--
JP Convenience Store Sales YOY	Feb	2.0%	0.8%	--
NZ GDP SA QOQ	4Q	0.6%	0.3%	0.6%

Source: Bloomberg

➤ Macroeconomics

- FOMC expectedly stayed pat, dot plot adjusted lower:** The Fed voted unanimously to keep the Fed Funds Rate unchanged at 2.25-2.50% as widely expected, saying that growth “has slowed from its solid rate” and that job growth is now just “solid” instead of “strong”. More importantly, and echoing its dovish shift and patient stance communicated earlier, the Fed reversed its projection for two rate hikes entirely, with the median projection of its dot plot now signaling no hike at all for this year and just one for 2020 (from one hike previously), vs market pricing for a cut. We now expect the Fed to pause this year and probably next given increasing headwinds. The Fed also did not disappoint by outlining that the unwinding of QE will end in September, with an ultimate size of \$3.8 trillion, suggesting another \$0.2 trillion to go from the current \$4.0 trillion. This will start by reducing the monthly cap on redemption of UST from \$30b to \$15b a month in May, and starting in October, principal payments received from agency debt and agency MBS will be reinvested in Treasury securities, with the existing \$20bn monthly cap still intact. The less upbeat growth outlook was reflected in the downgrade of the Fed projection on growth, unemployment and inflation. This year’s growth was cut by 0.2ppt to 2.1% while unemployment rate by 0.2ppt higher to 3.7%. PCE inflation was tweaked 0.1ppt lower to 1.8% even though the core PCE inflation was left unchanged at 2.0% through 2019-2021. For 2020, growth and PCE inflation was downgraded by 0.1ppt each to 1.9% and 2.0% respectively while unemployment rate has been revised 0.2ppt higher to 3.8%.
- US mortgage applications grew slower:** MBA mortgage applications continued rising albeit at a slower rate of 1.6% WOW for the week ended 15-March amid further declines in the mortgage rates to its lowest in a year. The refinancing index increased 4.0% while new purchases increased at a much slower pace of 0.3%.
- UK consumer price surprised to the upside, producer prices higher:** Consumer and producer prices in the UK picked up pace in Feb in tandem with strong figures in employment-related data yesterday, suggesting that Brexit uncertainties failed to dampen labour market sentiment. Consumer prices increased 1.9% YOY in Feb, inching higher from 1.8% in Jan. The first pick-up since Aug 2018 was due to quicker increases in prices of food, alcohol and tobacco, on top of upticks in prices of recreation and cultural goods. Producer prices also ticked higher to 2.2% YOY in Feb, rising from 2.2% in Jan, probably due to firmness in the sterling. On Brexit, PM Theresa May has filed an extension to the EU seeking for a 3-month delay in the deadline to end-June.
- Japan machine tool orders slumped further, sales picked up:** The final report for machine tool orders affirmed a plunge of 29.3% YOY in Feb, deepening from a 18.8% decline in Jan and the worst growth figure since Oct 2009. Foreign orders made up the bulk of the downside, with strong decline in orders from China (-50.4%) and the US (-21.1%), underlining growth outlook. Domestically, spending picked up in Feb; sales at convenience stores rose 2.0% YOY on a same-store-basis, up from 0.8% in Jan and quickest gain since Sept 2018.
- NZ 4Q growth picked up on higher household spending:** The New Zealand economy saw its growth doubling to 0.6% QOQ in 4Q (3Q: +0.3%) as a solid 0.8% growth in household spending offset a drag from inventories. YOY, growth however slowed more than expected to 2.3% in 4Q (3Q: +2.6%). Full year 2018 growth printed 2.8% YOY (2017: +2.8%). Slowing growth outlook and soft inflation (negative GDP deflator in 4Q) suggest RBNZ may turn less upbeat at next week’s policy meeting, joining the dovish bandwagon.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
22/03	Malaysia	CPI YOY	Feb	-0.4%	-0.7%	--
		Foreign Reserves	Mar 15	--	\$102.4b	--
21/03	US	Philadelphia Fed Business Outlook	Mar	4.8	-4.1	--
		Initial Jobless Claims	Mar-16	225k	229k	--
		Leading Index	Feb	0.1%	-0.1%	0.0%
22/03		Markit Manufacturing PMI	Mar P	53.4	53.0	--
		Markit Services PMI	Mar P	55.5	56.0	--
		Existing Home Sales MOM	Feb	3.2%	-1.2%	--
21/03	EU	Consumer Confidence	Mar A	-7.1	-7.4	--
22/03		Markit Manufacturing PMI	Mar P	49.5	49.3	--
		Markit Services PM	Mar P	52.7	52.8	--
21/03	UK	Retail Sales Inc Auto Fuel MOM	Feb	-0.4%	1.0%	--
		Bank of England Bank Rate	Mar-21	0.75%	0.75%	--
22/03	Japan	CPI YOY	Feb	0.3%	0.2%	--
		Nikkei PMI Manufacturing	Mar P	--	48.9	--
		Supermarket Sales YOY	Feb	--	-3.4%	--
		Leading Index	Jan F	--	95.9	--
		Coincident Index	Jan F	--	97.9	--
		Nationwide Dept Sales YOY	Feb	--	-2.9%	--
21/03	Hong Kong	CPI Composite YOY	Feb	2.1%	2.4%	--
21/03	Australia	Employment Change	Feb	15.0k	39.1k	--
		Unemployment Rate	Feb	5.0%	5.0%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1413	0.54	1.1448	1.1336	-0.86
GBPUSD	1.3198	-0.53	1.3276	1.3147	3.50
USDJPY	110.70	-0.62	111.69	110.54	0.88
AUDUSD	0.7116	0.40	0.7150	0.7057	1.11
EURGBP	0.8649	1.09	0.8666	0.8551	-3.70
USDMYR	4.0660	-0.22	4.0785	4.0655	-1.63
EURMYR	4.6145	-0.26	4.6302	4.6135	-2.39
JPYMYR	3.6477	-0.37	3.6590	3.6463	-2.93
GBPMYR	5.3814	-0.40	5.4100	5.3788	2.16
SGDMYR	3.0117	-0.14	3.0172	3.0107	-0.80
AUDMYR	2.8837	-0.28	2.8896	2.8777	-1.34
NZDMYR	2.7840	-0.35	2.7946	2.7827	0.19
CHFMYR	4.0683	-0.14	4.0817	4.0661	-3.12
CNYMYR	0.6071	0.14	0.6078	0.6065	0.37
HKDMYR	0.5185	-0.08	0.5196	0.5183	-1.34
USDSGD	1.3470	-0.30	1.3529	1.3458	-1.25
EURSGD	1.5373	0.22	1.5407	1.5321	-1.59
GBPSGD	1.7777	-0.84	1.7938	1.7755	2.20
AUDSGD	0.9585	0.08	0.9625	0.9546	-0.15

Source: Bloomberg

MYR

- **MYR strengthened 0.22% to 4.0660 against a weak USD** and advanced against all G10s.
- **Expect a bullish MYR against a weak USD.** USDMYR has broken below 4.0710 and downsides are likely to extend. It is now poised to test 4.0500, which if successful could be the onset of a move that could test 4.0360.

USD

- **USD fell against 9 G10s** following an unexpected end to the Fed's policy tightening cycle. The DXY plunged after the Fed's announcement, closing 0.65% lower at 95.76.
- **We turn slightly bullish on USD** for today, anticipating a technical bounce after yesterday's tumble. DXY strongly broke below key supports, thus will likely remain bearish, heading towards and possibly even below 95.57 going forward. In the process, there may be some bounces higher but likely limited to below 96.29.

EUR

- **EUR jumped 0.54% to 1.1413 against a weak USD** and climbed against 5 G10s.
- **We are slightly bearish on EUR against USD** for today, expecting a mild pullback after overnight rally. A bullish trend is now more entrenched in EURUSD, suggesting further push higher. EURUSD is now targeting 1.1473 next, above which 1.1500 will be challenged. Pullback, if any, will likely hold above 1.1386.

GBP

- **GBP weakened 0.53% to 1.3198 against USD** and tumbled against all G10s as the UK remains headed towards a no-deal Brexit scenario in the absence of positive development.
- **Stay slightly bearish on GBP against USD** on continued Brexit uncertainties. Technical outlook suggests that GBPUSD is likely to continue unravelling its price-momentum divergence. We set sights on another drop to 1.3168 soon, below which 1.3077 – 1.3080 will be targeted.

JPY

- **JPY strengthened 0.62% to 110.70 against USD** and advanced against 7 G10s, supported by firmer demand for refuge amid sell-off in USD and GBP.
- **JPY is slightly bullish against USD**, supported by lingering risk-off in the markets. Downside bias is now stronger in USDJPY after breaking below key supports overnight. It is now headed towards 110.38 as previously noted, below which a path towards 109.83 will be exposed.

AUD

- **AUD climbed 0.40% to 0.7116 against a weak USD** but fell against 6 G10s on the back of risk aversion in the markets.
- **AUD is now bullish against USD**, supported by unexpected drop in Australian unemployment rate. AUDUSD remains in a bullish trend, more so after breaking above 0.7139. It is likely plotting a next move towards 0.7181, above which it would likely head towards 0.7229.

SGD

- **SGD strengthened 0.30% to 1.3470 against a weak USD** but retreated against 7 G10s as markets stayed risk-off.
- **SGD is now bullish against a weak USD.** USDSGD broke below 1.3512 earlier than expected. It is now headed for a test at 1.3400 – 1.3420, but we caution that this is a strong support range that has the potential to trigger a strong rebound to above 1.3500. Losing 1.3400 exposes a move to 1.3320.

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1352	0.13	1.1362	1.1334	-0.87
GBPUSD	1.3268	0.10	1.3311	1.3241	4.01
USDJPY	111.39	-0.04	111.48	111.16	1.63
AUDUSD	0.7088	-0.23	0.7111	0.7085	0.51
EURGBP	0.8556	0.02	0.8570	0.8534	-4.77
USDMYR	4.0750	-0.04	4.0837	4.0725	-1.87
EURMYR	4.6263	-0.02	4.6314	4.6196	-2.06
JPYMYR	3.6613	0.18	3.6676	3.6585	-2.68
GBPMYR	5.4032	-0.05	5.4165	5.4003	2.67
SGDMYR	3.0159	0.02	3.0203	3.0134	-0.63
AUDMYR	2.8917	-0.18	2.9029	2.8885	-1.37
NZDMYR	2.7938	-0.14	2.7994	2.7898	0.55
CHFMYR	4.0742	0.07	4.0763	4.0697	-2.81
CNYMYR	0.6071	-0.08	0.6077	0.6061	0.24
HKDMYR	0.5189	-0.06	0.5197	0.5186	-1.69
USDSGD	1.3511	-0.01	1.3519	1.3504	-0.84
EURSGD	1.5339	0.12	1.5349	1.5314	-1.80
GBPSGD	1.7927	0.09	1.7977	1.7894	3.13
AUDSGD	0.9577	-0.23	0.9605	0.9575	-0.82

Source: Bloomberg

MYR

- **MYR was 0.04% firmer at 4.0750 against a weaker USD..** MYR advanced against 6 G10s.
- **We are neutral on MYR against USD** in anticipation of risk aversion in the markets heading into FOMC policy decision to be offset by a soft greenback. A mild bearish bias prevails in USDMYR but downsides are likely limited unless 4.0710 is broken. On the upside, USDMYR needs to break above 4.0880 to overturn current bearish bias.

USD

- **USD fell against 9 G10s** following softer than expected US data as well as risk aversion ahead of FOMC meeting. The DXY fell through Asian-European sessions before steadying in US trade, closing 0.15% lower at 96.38.
- **Expect a bearish USD** amid risk aversion heading into FOMC policy decision; caution that there may be a modest rebound from closure of short positions. Technical outlook remains bearish for DXY. It has expectedly tested 96.37, which could warrant some bounces higher but as long as it does not close above 96.78 today, bearish trend remains intact and hints at a drop below 96.23 going forward.

EUR

- **EUR climbed 0.13% to 1.1352 against USD** and advanced against 5 G10s, supported by firmer risk appetite in Eurozone.
- **Stay bullish on EUR against a soft USD.** EURUSD upside is also supported by a lingering bullish trend and is likely headed towards 1.1368. Breaking this will allow passage to 1.1400. Caution that a close below 1.1326 today puts the current bullish trend at risk of being overturned.

GBP

- **GBP inched 0.10% higher to 1.3268 against a soft USD** but remains pressured by Brexit uncertainties as it retreated against 6 G10s.
- **GBP is slightly bearish against USD** amid rising Brexit uncertainties; caution that softer UK data will accelerate GBP to the downsides. Technical outlook suggests that GBPUSD is likely to continue unravelling its price-momentum divergence. We set sights on a drop to 1.3168 soon, below which 1.3077 – 1.3080 will be targeted.

JPY

- **JPY inched 0.04% firmer to 111.39 against a soft USD** but fell against 7 G10s, sustaining losses from risk-on sentiment through Asian-European session before finding support in US trade.
- **We maintain a bullish JPY view against USD**, supported by risk-off in the markets. USDJPY remains tilted to the downside after recent rejection near 112.00 and is likely to extend losses. We set sights on a drop to 111.05, below which a passage to 110.38 will be exposed.

AUD

- **AUD fell 0.23% to 0.7088 against USD** and weakened against all G10s, weighed down by market rumours of regressive development in US-China trade talks.
- **We turn bearish on AUD against USD**, pressured by recent negative news about US-China trade talks and risk aversion ahead of FOMC policy decision. Unless AUDUSD closes below 0.7064 today, we maintain the view that a bullish trend still prevails and supports further gains going forward, possibly to circa 0.7131 – 0.7144. Otherwise, a return to 0.7011 is highly likely.

SGD

- **SGD was relatively unchanged against USD at 1.3511** but fell against 9 G10s.
- **Expect a bearish SGD against USD** amid negative news about US-China trade talks. There is room for USDSGD to bounce higher as part of a correction to recent downward move. But we opine that there will be a break below 1.3512 in the coming days.

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